

1 BILL NO. R-83- 11-09

2 RESOLUTION NO. R-108-83

3 A RESOLUTION FINDING, DETERMINING  
4 AND RATIFYING AN INDUCEMENT RESOLUTION  
5 OF THE FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION  
6 AUTHORIZING THE ISSUANCE AND SALE OF  
7 \$1,354,695.00 ECONOMIC REVENUE BONDS OF THE  
8 CITY OF FORT WAYNE, INDIANA,  
9 FOR THE PURPOSE OF INDUCING THE APPLICANT,  
10 MECHANICAL BEVERAGES, INC.  
11 TO PROCEED WITH THE ACQUISITION  
12 CONSTRUCTION AND EQUIPPING OF THE PROJECT.

13 WHEREAS, the City of Fort Wayne, Indiana, (the "Issuer") is  
14 authorized by I.C. Sec. 36-7-12 (the "Act") to issue revenue  
15 bonds for the financing of economic development facilities, the  
16 funds from said financing to be used for the acquisition,  
17 construction and equipping of said facilities, and said facili-  
18 ties to be either sold or leased to another person or directly  
19 owned by another person; and

20 WHEREAS, Mechanical Beverages, Inc. (the "Applicant") has  
21 advised the Fort Wayne Economic Development Commission and the  
22 Issuer that it proposes that the Issuer acquire and equip an econo-  
23 mic development facility and sell and/or lease the same to the  
24 Applicant or loan proceeds of an economic development financing to  
25 the Applicant for the same, said economic development facility to  
26 be acquisition of leasehold improvements, machinery and equipment as  
27 outlined on Exhibit "A" together with issuance costs to be located  
28 inside the city limits of Fort Wayne, Indiana (the "Project"); and

29 WHEREAS, the diversification of industry and an increase in  
30 39 jobs to be achieved by acquisition and construction and  
31 equipping of the Project will be of public benefit to the health,  
32 safety and general welfare of the Issuer and its citizens; and

33 WHEREAS, having received the advice of the Fort Wayne  
34 Economic Development Commission, it would appear that the  
35 financing of the Project would be of public benefit to the  
36 health, safety and general welfare of the Issuer and its



1 citizens; and

2 WHEREAS, the acquisition and construction of the faci-  
3 lity will not have an adverse effect on any similar facility  
4 already constructed or operating in or about Fort Wayne,  
5 Indiana.

6 NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF  
7 THE CITY OF FORT WAYNE, INDIANA:

8 SECTION 1. The Common Council finds, determines, rati-  
9 fies and confirms the promotion of diversification of economic  
10 development and job opportunities in and near Fort Wayne,  
11 Indiana and in Allen County, is desirable to preserve the  
12 health, safety and general welfare of the citizens of the  
13 Issuer; and that it is in the public interest that Fort Wayne  
14 Economic Development Commission and said Issuer take such action  
15 as it lawfully may to encourage diversification of industry and  
16 promotion of job opportunities in and near said Issuer.

17 SECTION 2. The Economic Development Commission in  
18 recommending the project, found specifically that the project  
19 will not have an adverse competitive effect on similar facilities  
20 already constructed or operating in Allen County, Indiana, and  
21 the Common Council has also held a hearing and specifically finds  
22 that the project will not have an adverse competitive effect on  
23 similar facilities already constructed or operating in Allen  
24 County, Indiana.

25 SECTION 3. The Common Council further finds, deter-  
26 mines, ratifies and confirms that the issuance and sale of reve-  
27 nue bonds in an amount not to exceed \$1,354,695.00 of the Issuer  
28 under the Act for the acquisition, construction and equipping of  
29 the Project and the sale or leasing of such a financing to the  
30 Applicant for such purposes will serve the public purpose  
31 referred to above, in accordance with the Act.

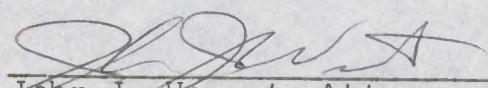
32 SECTION 4. In order to induce the Applicant to proceed



1 with the acquisition, construction and equipping of the Project,  
2 the Common Council hereby finds, determines, ratifies and con-  
3 firms that (i) it will take or cause to be taken such actions  
4 pursuant to the Act as may be required to implement the afore-  
5 said financing, or as it may deem appropriate in pursuance  
6 thereof, provided that all of the foregoing shall be mutually  
7 acceptable to the Issuer and the Applicant; and (ii) it will  
8 adopt such ordinances and resolutions and authorize the execu-  
9 tion and delivery of such instruments and the taking of such  
10 action as may be necessary and advisable for the authorization,  
11 issuance and sale of said economic development bonds.

12 SECTION 5. All costs of the Project incurred after the  
13 passage of this Inducement Resolution, including disbursement or  
14 repayment of the Applicant of monies expended by the Applicant  
15 for planning, engineering, interest paid during construction,  
16 underwriting expenses, attorney and bond counsel fees, acquisi-  
17 tion, construction and equipping of the Project will be per-  
18 mitted to be included as part of the bond issue to finance said  
19 Project, and the Issuer will thereafter either sell or lease the  
20 same to the Applicant or loan the proceeds of such financing to  
21 the Applicant for the same purposes.

22  
23  
24 APPROVED AS TO FORM AND  
25 LEGALITY.

26   
27 John J. Wernet, Attorney for the  
28 Economic Development Commission  
Dated this 21<sup>st</sup> day of November, 1983

  
COUNCILMAN



Read the first time in full and on motion by GiaQuinta seconded by Stier, and duly adopted, read the second time by title and referred to the Committee Tolson (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on \_\_\_\_\_, the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ .M., E.S.T.

DATE: 11-22-83

Sandra E. Kennedy  
CITY CLERK

Read the third time in full and on motion by Stier seconded by Tolson, and duly adopted, placed on its passage. PASSED (~~LOST~~) by the following vote:

|                    | <u>AYES</u> | <u>NAYS</u> | <u>ABSTAINED</u> | <u>ABSENT</u> | <u>TO-WIT:</u> |
|--------------------|-------------|-------------|------------------|---------------|----------------|
| <u>TOTAL VOTES</u> | <u>8</u>    | _____       | _____            | <u>1</u>      | _____          |
| <u>BRADBURY</u>    | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>BURNS</u>       | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>EISBART</u>     | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>GiaQUINTA</u>   | _____       | _____       | _____            | <u>✓</u>      | _____          |
| <u>SCHMIDT</u>     | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>SCHOMBURG</u>   | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>SCRUGGS</u>     | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>STIER</u>       | <u>✓</u>    | _____       | _____            | _____         | _____          |
| <u>TALARICO</u>    | <u>✓</u>    | _____       | _____            | _____         | _____          |

DATE: 11/29/83

Sandra E. Kennedy  
CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP) \_\_\_\_\_ (GENERAL) \_\_\_\_\_ (ANNEXATION) \_\_\_\_\_ (SPECIAL) \_\_\_\_\_

(APPROPRIATION) \_\_\_\_\_ ORDINANCE \_\_\_\_\_ (RESOLUTION) NO. B-108-83  
on the 29th day of November, 1983.

ATTEST:  
Sandra E. Kennedy

(SEAL)

Ray A. E. Port  
PRESIDING OFFICER

CITY CLERK

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 30th day of November, 1983, at the hour of 10:00 o'clock A. .M., E.S.T.

Sandra E. Kennedy

CITY CLERK

Approved and signed by me this 30th day of Nov. 1983, at the hour of 11 o'clock A. .M., E.S.T.

Win Moses, Jr.  
WIN MOSES, JR. - MAYOR



BILL NO. R-83-11-09

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS REFERRED AN  
ORDINANCE A RESOLUTION FINDING, DETERMINING AND RATIFYING AN  
INDUCEMENT RESOLUTION OF THE FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION  
AUTHORIZING THE ISSUANCE AND SALE OF \$1,354,695.00 ECONOMIC REVENUE BONDS  
-- THE APPLICANT -- MECHANICAL BEVERAGES, INC.,

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT  
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE Do PASS.

MARK E. GIAQUINTA, CHAIRMAN

JAMES S. STIER, VICE CHAIRMAN

JANET G. BRADBURY

SAMUEL J. TALARICO

DONALD J. SCHMIDT

*Just*  
*Janet G. Bradbury*  
*Samuel J. Talarico*  
*D Schmidt*

*Executed  
11-28-83*

*Sandra E. Kennedy*



APPLICATION TO  
FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION  
FOR "LOANS THROUGH LENDERS" PROGRAM  
FORT WAYNE, INDIANA

I. GENERAL INFORMATION

- A. Name of Applicant: Mechanical Beverages, Inc.
- B. Applicant's Principal Address: 1020 Runnion St.  
Fort Wayne, IN Telephone: (219) 426-4747
- C. Applicant's legal organization (e.g. corporation, partnership, sole proprietorship, joint venture, etc.):  
Corporation
- D. Under laws of what state is the applicant organized?:  
Indiana
- E. Business in which applicant is engaged: Marketing of  
soft drinks and related equipment
- (1) S.I.C. Code: 35-1571856
- F. How long has applicant been in operation in Allen County?:  
40 years

II. MANAGEMENT

A. Principal Operating Personnel:

| Name                   | Title                     |
|------------------------|---------------------------|
| <u>James W. Young</u>  | <u>President</u>          |
| <u>Andy Sokolowski</u> | <u>Operations Manager</u> |



- B. All persons or firms having an ownership interest of 10% or more in the applicant organization.

| Name                  | % Ownership |
|-----------------------|-------------|
| <u>James W. Young</u> | <u>100%</u> |
| <u></u>               | <u></u>     |

- C. Persons who have either a legal interest in the applicant or a debt obligation from/to the applicant, and are a member of either the Fort Wayne Economic Development Commission, Common Council of Fort Wayne, or Allen County Council:

N/A

- D. Has any person listed above been convicted of a felony, or convicted of, or enjoined from any violation of a state or federal securities law within the past ten years:

Yes        No X

### III. PROPOSED PROJECT

- A. Briefly describe the proposed project (attach renderings if available): Purchase and installation of equipment  
for manufacturing and updating manufacturing facilities  
of soft drinks, bottled water, and drink mixes.

- B. Proposed amount of bond issue: \$1,354,695.00

- C. How are the proceeds of the issue to be used (Itemize by category of expenditure): See attached binder for a  
detail of all proposed expenditures including estimated  
leasehold improvements.

- D. Additional finance sources to be used if bond issue is not sufficient to complete proposed project:

Bank line of credit.



E. Where is the proposed project to be located (Give both street address and legal description): Has not been  
definitely established. All proposed sites are within  
the City limits of Fort Wayne.

(1) Is project solely within the city limits of Fort Wayne: Yes: X No:       

(2) If no, will you waive your right to remonstrate annexation: Yes:        No:       

(3) Is project solely within the Fort Wayne Community School District: Yes: X No:       

(4) If no, name of school district in which project is located:       

F. Approximate size of tract or parcel on which project will be situated: Up to 5 acres

G. Will any portion of proposed project be leased from another entity: Yes:        No: X

(1) If yes, name entity and describe portion to be leased:       

H. What is existing zoning classification on parcel:

Light manufacturing

I. What zoning classification does project require:

Light manufacturing

J. Are water and sewer available for access:

Yes: X No:       

(1) If no, how will access to these utilities be obtained:



K. Are septic tanks or other temporary sewage treatment and disposal facilities to be used in lieu of sewer:

Yes: X No:           

(1) If yes, describe facility: \_\_\_\_\_

L. Briefly describe any adverse environmental impact upon land, air, water or noise which is anticipated as a result of the proposed project: \_\_\_\_\_

None.

#### IV. JOBS AND PAYROLLS

A. Number of Employees:

(1) At time of application: 5

Full Time: 5 Part Time:           

(2) Within year of project completion: 44

Full Time: 44 Part Time:           

(3) Within 3 years of project completion: 44

Full Time: 44 Part Time: \_\_\_\_\_

B. Briefly describe the category and nature of the new jobs to be created: Low skilled: manufacturing;

Semi-skilled: sales, service, delivery;

Skilled: Accounting, chemist, plant manager.



C. Annual Payroll:

(1) At time of application: Figures not available.

(2) Within year of project completion: \$304,800

(3) Within 3 years of project completion: \$1,105,600

D. If project is not funded by the "Loan Through Lenders" program, is there a substantial possibility of loss of existing jobs in Allen County: Yes: X No:       

(1) If yes, give number of jobs to be lost and approximate annual payroll loss:

44 jobs approximately \$400,000.00

V. MISCELLANEOUS INFORMATION -

A. Applicant's net worth as of the end of the calendar quarter preceding the date of application:

Corporate figures not available. Net worth of principal will be provided.

B. Has the proposed project been informally reviewed by bond counsel: Yes:        No: X

(1) If yes, what is name of bond counsel firm:

C. Name, address and telephone of contact person for further details on project: Donald C. Swanson, Jr., Suite 1202

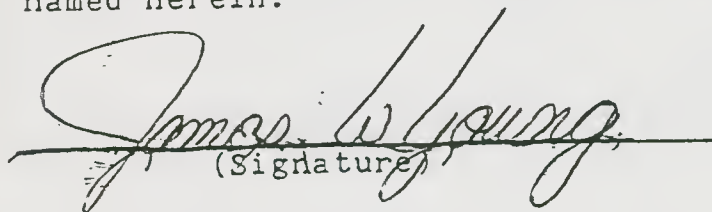
Commerce Bldg., 127 W. Berry St., Fort Wayne, IN 46802.

(219) 422-4602



## VI. APPLICANT'S CERTIFICATION

I/We certify that all information in this application and attached exhibits are true and complete to the best of my/our knowledge and belief. Verification may be obtained from any source named herein.

  
(Signature)

November 2, 1983

(Date)

\_\_\_\_\_  
(Signature)

## VII. EXHIBITS

- A. Applicant's Financial Statements (for past 3 years).
- B. Applicant's Two Year Income Projection.
- C. Breakdown of project costs with written estimates from contractors and suppliers.
- D. Proof of applicant's equity contribution (if any).
- E. Schedule of Applicant's existing debt and encumbered assets.
- F. Personal financial statements for each owner (if applicable).
- G. Letter of commitment from local lender for a letter of credit.

Return to:

E.D.C. Coordinator  
Department of Economic Development  
City County Building, Room 840  
One Main Street  
Fort Wayne, IN 46802

(219) 427-1127



## Company Background

Mechanical Beverages, Incorporated was started forty years ago in Fort Wayne by Norman and Mildred Englebrecht. The company started in the refrigeration business serving the restaurant and tavern industries. The company soon grew to distribute Coca-Cola and home-made soft drinks. At that time Coca-Cola did not sell such flavors as fruit punch, strawberry, or orange. As Coca-Cola developed and began distribution of these, Norm and Mildred did not promote theirs and made them only in limited production. The company prospered for many years as a Coca-Cola distributor and service agent for dispensing equipment.

In 1983 the business was purchased by James W. Young of Toledo, Ohio who has numerous years of experience in the soft drink distributing business. Mr. Young has made considerable changes in the business since purchasing it including the distribution of private label soft drinks, Pepsi-Cola, 7-Up, RC Cola, drink mixes and juices. In the short time since acquiring it over 100 new accounts have been added, sales increased dramatically, and five full-time employees have been added. This has been accomplished through aggressive marketing which the Englebrechts did not want to do because of their advancing years. The service department has also been streamlined and improved. All of this has been done with limited capital and no expansion in the physical plant. With additional financing



) the company can expand considerably in the areas of products, employment, sales, cash flow, and profits.

The following pages explain the proposed areas of expansion along with a description of the market to be served in each of the proposed divisions.



## Areas Of Proposed Expansion

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Soft drink consumption in the United States has grown at a tremendous rate during the past several years. This is true despite the recent economic downturn. Consumers perhaps were cutting corners in other areas of consumption but not in soft drinks. While consumption has increased so has the number of brands on the market. Consumers are drinking more of the smaller labels and flavors than ever before.

Another segment of the soft drink industry that has grown is the commercial or institutional dispenser of soft drinks such as restaurants and taverns. These establishments are growing in number and in the variety of brands and flavors they are stocking.

The areas of proposed expansion for Mechanical Beverages are designed to take advantage of the growth in both segments of the soft drink market.

The proposed areas are as follows:

I. Repackage Coca-Cola, U.S.A. Products. This effort involves receiving the cola syrup in 4,500 gallon tankards and repackaging it into five gallon containers. The five gallon containers will then be sold to existing customers, sold back to Coca-Cola and delivered by Mechanical Beverages to such "national" accounts as K-Mart, Wendys, Ponderosa and others, or to other non-bottling distributors throughout the Mid-West. The distributors will purchase from



Mechanical Beverages as they will save a considerable amount of money in transportation charges.

## II. Manufacturer of "White Springs Sparkling Water".

The bottled water industry began a tremendous growth process in the 1970's with the exploding health food and fitness movement in this country. Many brands began national advertising campaigns that saw, as in the case of Perrier, sales skyrocket to over \$40 million in 1978. These national brands have appealed to the upper-level income brackets and have consequently lost large shares of the total market. Smaller, "regional" brands that appeal to the middle income population have shown the most growth in the past two years. "White Springs" will appeal to the medium income bracket of people.

Extensive work has been done in the planning and promotion of this product. Sample labels and tent cards to be used in commercial establishments are shown in the appendix.

Plans are to manufacture the product in Fort Wayne and sell the franchise rights to distributors to market. A letter from a Michigan distributor shows the interest that he has in distributing this product. By not marketing the product, Mechanical Beverages will incur the most profits through solely manufacturing and bottling it.



III. Distributor for Welch's Foods, Inc. The Welch's name has long been known as one of quality frozen foods. Mechanical Beverages will become the exclusive distributor for this line of products to restaurants, taverns, and convenience stores.

Welch's is planning a new line of soft drinks which Mechanical Beverages may become the bottler or repackager of in this area.

IV. Manufacturing of Drink Mixes. Restaurant and tavern owners are in need of a top quality line of drink mixes such as Screwdriver Mix, Tom Collins Mix, and Margaretta Mix. These establishments need these products for both quality and quantity control. All of these mixes are easy to produce and are very profitable. Since the Mechanical Beverage salesmen visit these establishments on their established routes, this product will be easily marketed and sold. Mechanical Beverages, since the purchase by J.W. Young, has introduced these products to the market with considerable success. The mixes are currently being purchased from a Michigan producer.

These same mixes will be bottled for the home user and marketed through convenience stores and supermarkets.

V. Soft drink Bottling: Dad's Root Beer, Dr. Schnee and Bubble Up. Dad's Root Beer is a name long associated



with quality. It has been absent from the local market for some time due to the lack of a local bottler. Under this plan, it will be brought back along with "Bubble-Up" and "Dr. Schnee", newer labels that are growing rapidly in other parts of the country.

All of these labels are owned by IC Industries who have granted production rights to Mechanical Beverages. Letters to this effect and other related information can be found in the appendix.

These products will be promoted heavily to restaurant and tavern owners as well as the ultimate consumer.

VI. Soft Drink Manufacturing. As discussed previously Mechanical Beverages has a long history of producing "private label" soft drinks. With cost control an important concern for restaurant and tavern owners, many of them are seeking an alternative fountain soft drink to Coca-Cola, Pepsi, or RC Cola. This line of private label drinks will fill this void in the market.

Using equipment purchased to repackaging Coca-Cola, this marketing venture will have a low start-up cost. The formulas have been developed by "Continental Flavors" of Brea, California and are shown in the appendix. These formulas will be used in conjunction with those developed by Mildred Englebrecht. The fruit punch she has developed is very popular in this area and will be bottled for the ultimate consumer.



The growth in this proposed venture is enormous. There are only 5 private label syrup producers nationally serving hundreds of thousands of price conscious outlet owners. A local manufacturer, such as Mechanical Beverages, will be able to distribute cheaper and will therefore be able to command a sizable portion of the Midwestern market before beginning distribution to other parts of the country.

The local market is accepting these private label fountain drinks as they have already been introduced by the new owner. Presently they are being purchased from a Michigan producer and resold to the accounts. By producing the products internally the company will be able to increase its profitability.

This division of the company will enable it to compete with major label bottling companies in the area and to offer its customers a complete line of major label and private label products.

As stated previously, the soft drink business in the United States is a rapidly growing and changing industry. Mechanical Beverages, upon approval of this funding, will be better able to command a more sizable portion of the market.